

Message Text

UNCLASSIFIED

PAGE 01 JAKART 08580 270534Z

ACTION EB-08

INFO OCT-01 EUR-12 EA-12 ISO-00 DOE-15 SOE-02 CIAE-00

INR-10 NSAE-00 XMB-04 TRSE-00 AID-05 OES-07 /076 W

-----050250 270855Z /12

R 270413Z JUN 78

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 9793

INFO USDOC WASHDC

AMEMBASSY OTTAWA

UNCLAS JAKARTA 8580

EO 11652: NA

TAGS: EMIN, ENRG, ID

SUBJ: CANADIAN CONTENDER WINS \$300 MILLION COAL MINING CONTRACT

1. OFFICIAL ANNOUNCEMENT WILL NOT BE MADE UNTIL JULY 1, BUT WE ARE RELIABLY INFORMED THAT THE CANADIAN CONSORTIUM HEADED BY THE MONTREAL ENGINEERING COMPANY AND INCLUDING THE CANADIAN PACIFIC RAILROAD AND SWAN WOOSTER HAS BEEN AWARDED THE MANAGEMENT/ENGINEERING TENDER FOR THE \$300 MILLION INTEGRATED COAL MINING AND TRANSPORTATION PROJECT AT BUKIT ASAM, SOUTH SUMATRA. THIS IS A VERY DISAPPOINTING RESULT FOR US AS WELL AS FOR THE AMERICAN CONTENDERS: DRAVO, FLUOR AND MORRISON-KNUDSEN, ALL OF WHOM WORKED HARD TO LAND THIS PROJECT, AND SUBMITTED EXCELLENT PROPOSALS TO THE INDONESIAN EVALUATION COMMITTEE. WE AGREE WITH AMERICAN CONTENDERS' EVALUATION THAT TECHNICALLY AND MANAGERIALLY THEY ARE ALL BETTER EQUIPPED TO PERFORM PROJECT THAN CANADIAN CONSORTIUM.

2. DEPARTMENT IS WELL AWARE THAT CANADIAN CONSORTIUM RECEIVED VERY HEAVY BACKING FROM CANADIAN GOVERNMENT INCLUDING OFFERS OF CREDIT ON CONCESSIONAL TERMS. EMBASSY TRIED HARD TO MATCH THE CANADIAN EFFORT, BUT EXIM BANK LETTER OF INTENT, EVEN WHEN SUPPORTED BY U.S. AMBASSADOR IN STRONGEST POSSIBLE TERMS, DOES NOT EQUAL OFFER

UNCLASSIFIED

PAGE 02 JAKART 08580 270534Z

OF 6 PERCENT MONEY WITH LONG GRACE PERIOD.

3. ANOTHER KEY FACTOR THAT SWAN WOOSTER (SEA TRANSPORTATION), CANADIAN PACIFIC (RAILROAD) AND MONTREAL ENGINEERING (ELECTRIC POWER GENERATION) ALL PERFORMED PRE-FEASIBILITY STUDIES OF PORTIONS OF THE PROJECT, AND INDONESIAN EXPERIENCE WITH THEM WAS GENERALLY GOOD.

WE REITERATE OUR FEELING THAT GETTING U.S. FIRMS IN ON THE GROUND FLOOR TO PERFORM PRE-FEASIBILITY, FEASIBILITY AND DESIGN WORK IS KEY FACTOR IN DETERMINING SUCCESS OF U.S. EFFORTS TO BOOST EXPORTS TO INDONESIA, AND THOUGHT SHOULD BE GIVEN TO OFFERING USG CONCESSIONAL FINANCING FOR THIS KIND OF WORK (SEE JAKARTA 2156). WE UNDERSTAND PROBLEMS, EG. AID'S NEW MANDATE, IN DEVELOPING SUCH A PROGRAM, BUT WE URGE RENEWED CONSIDERATION OF THIS SUGGESTION. MASTERS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COAL, MINING, CONTRACTS, CONSORTIUMS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978JAKART08580
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780265-1071
Format: TEL
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780617/aaaaaoid.tel
Line Count: 71
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c025667f-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2197515
Secure: OPEN
Status: NATIVE
Subject: CANADIAN CONTENDER WINS \$300 MILLION COAL MINING CONTRACT
TAGS: EMIN, ENRG, ID, CA
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/c025667f-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014